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# FEDERAL ENERGY REGULATORY COMMISSION

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WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

March 10, 1999  
Docket Nos. ER97-3729-000  
and ER98-3527-000

### COMMISSION APPROVES PJM MARKET RATES, MONITORING PLAN

The Federal Energy Regulatory Commission today approved market-based rates and a market monitoring plan--key elements in the restructuring of the PJM power pool and the operation of an independent system operator (ISO) and power exchange (PX).

The first operational ISO in the nation, the Pennsylvania-New Jersey-Maryland Power Pool's (PJM) comprehensive restructuring was approved by the Commission in November 1997. The ISO is responsible for system operations and regional transmission planning.

"The Commission can be proud of approving the market aspects of PJM's restructuring," Chairman James J. Hoecker said. "Not only is PJM's restructuring an important step on the road to fully competitive electricity markets in the mid-Atlantic region, market rates for bulk power sales and market monitoring by ISOs or this Commission are signals of things to come in this industry."

In today's action, the Commission approved PJM's market-based pricing for energy sales through the PX and for sales of certain ancillary services through the PX. The Commission said that PJM's market analysis indicates that there is a lack of market dominance. Competition and ease of market entry in a particular market serves to prevent high prices.

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In addition, the Commission said that lifting the cost-based caps for energy bids for all eligible PJM market participants should lead to more players, further increasing competition.

In a related order, the Commission approved, with modifications, PJM's proposed market monitoring plan. Under the plan, PJM will establish a market monitoring unit (MMU) with a broad range of responsibilities to ensure competition and prevent any undue influence by participating members. The MMU will monitor all electric power transactions to ensure participants' compliance with PJM's standards and procedures.

As part of the Commission's approval, it directed PJM to file periodic reports on the status of competition and the efficiency of the PJM market as well as submitting an annual report.

Noting that the ancillary services market, while still developing, is both complex and critical to efficient and reliable operations, the Commission cautioned PJM to closely monitor this market. The Commission directed the ISO to file a report on the ancillary services market's activities within one year.

PJM operates in Delaware, the District of Columbia, Maryland, New Jersey, Pennsylvania and Virginia.

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